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ANALYTICAL SUMMARY

MILITARY SUPPLY POLICY TOWARD SOUTH ASIA IN THE CONTEXT OF GENERAL U. S. POSTURE THERE

Since April 1967, the US has been pursuing a military aid policy toward South Asia that has come to seem unsatisfactory. The purpose of this paper is to state the problem, to put it into the context of broader US relations with South Asia and to summarize the options and arguments which are detailed in the Interdepartmental Group paper.

I. SUMMARY OF THE PROBLEM

A. In September 1965, India and Pakistan fought each other --both using US arms. Partly because of strong Congressional reaction, the Administration halted all arms shipments. In February 1966, it relaxed the ban to permit purchases of "non-lethal" equipment.

B. The sharp Congressional reaction to military aid -- as provoked by the war among other things - persisted after the war and was gradually articulated in:

1. The Conte-Long amendments to the Foreign Assistance Act. These prohibited use of US funds to furnish "sophisticated weapons" to underdeveloped countries and required reduction of US economic aid to such countries by the amount that they used their own resources for such purchases. The President could waive this restriction if he determined that a sale was "important to the national security of the US."

2. The Symington amendment to the Foreign Assistance Act, which directed the President to cut off US economic aid to any developing country that excessively diverted its resources to military expenditures.

3. General resistance to military aid and sales bills.

C. In April 1967, the Johnson Administration again modified South Asian arms policy by:

1. continuing the embargo on lethal end-items to both India and Pakistan;

2. permitting cash sales of parts for weapons previously supplied by the US (important to US-equipped Pakistan);

3. considering on a case by case basis the purchase of US-controlled weapons from third countries (but only when the US thought the sale would not spur the India-Pak arms race or seriously disrupt the India-Pak power balance);

4. reinstituting small military training programs in the US.

5. At the same time the US officially ended grant military aid and withdrew military missions from both countries.

D. The purpose of this policy was to execute the spirit of the law while at the same time staying in the military aid business enough to have a voice in discouraging the Indo-Pakistani arms race and the diversion of resources from development and to provide an alternative for Communist sources of supply.

E. That policy is the subject of this review. Present judgment is that:

1. It has succeeded in enabling Pakistan to keep much of its US equipment operable and thereby reduced -- but not eliminated -- the need for new sources of supply. It has also pleased the Indians by greatly reducing the level of our supply to Pakistan.

2. It has failed in that:

a. Supplying arms via third countries just has not worked very well. It has caused problems

with friends -- Germany, Italy, Belgium, Turkey, Iran -- without meeting Pakistan's needs. (If present plans for sale of 100 Turkish tanks to Pakistan go through, this would be the first such sale to benefit Pakistan.)

b. It could lead eventually to the diversion of resources for sophisticated equipment. For example, Pakistan's F-104 squadron will soon have to be scrapped because of the lack of replacement aircraft, and will probably be replaced by aircraft purchased from France or supplied by Communist China.

c. It has provided no alternative to Soviet supply of India and now Pakistan, or to Chinese supply of Pakistan.

F. At present, we are confronted -- in addition to our own judgment on our policy -- with the following positions:

1. The Congress: The Foreign Aid Assistance Act of 1969 is still before the Congress. The House alone has passed the authorization bill; both House and Senate have yet to pass an appropriations bill. It is impossible to say yet exactly how past restrictions may be modified but the House Foreign Affairs Committee report reveals some potentially important new trends:

a. The Conte-Long and Symington amendments have been considerably softened. The requirement that the President withhold economic assistance equivalent to the amount spent on sophisticated weapons is removed. Now the President is only directed to take this factor in account when deciding on economic development assistance. Similarly, the President is no longer required to eliminate economic aid if he finds that a country is diverting its resources to unnecessary military expenditures but only to consider military expenditures before deciding on economic aid.

b. A new complication has been introduced with a provision saying that assistance "should not be provided" to governments opposing the development of democratic institutions and which deny "fundamental freedoms." It also says shipment to governments coming to power by non-constitutional means "should" be terminated. If this is intended to apply ex post facto -- it is not clear -- it would make Pakistan ineligible if the Administration felt it had to respect the sense of Congress.)

c. The Committee's report openly criticized present policy on the grounds that it has caused India and Pakistan to turn to the Communist world for military aid. It recommended that the policy be reviewed and suggested that it may be in our interest to consider "selective shipments" of military equipment and weapons to both countries.

2. The Indians are satisfied with present policy, but would probably prefer an even more restrictive one. They were never dependent on us because they manufacture much of their minor equipment -- rifles, ammunition, -- and are well supplied by the USSR with most other items. They would see a liberalization of policy toward freer supply as helping Pakistan.

3. Pakistan urges liberalization of our policy to the extent of selling lethal end-items -- they have not asked us to resume grant military aid. Despite some supply from China and the USSR and some third country purchases, the Pakistanis want US equipment and would buy a much larger share than India. In addition, they would like to reduce their dependence on Communist sources.

G. The choice we face is posed in the following dilemma: We would like to maintain some influence with the governments and military in both India and Pakistan by helping them meet legitimate defense needs. Since they are enemies, however, we are forced in whatever decision we make -- even halting arms supply altogether -- to choose which government we can better afford to offend. (on top of that, we must take into account the costs of applying

whatever restrictions the Congress may write into law.)

1. Continuing the present policy of limited sales would please the Indians and displease the Paks because the one loophole in the policy for new equipment -- purchases through third countries -- does not work well. Further restricting present policy to eliminate that loophole would displease the Paks even more.

2. Relaxing the ban on direct US sales would please Pakistan and upset India. It is hard to predict what the Indians might do out of spite, but they would talk themselves into seeing this as a return to the pro-Pakistan policy of the 1950s.

H. The present inclination of most who have looked at the problem dispassionately is to stick with the present policy but try to do a little more for the Paks -- recognizing that we have found no satisfactory way to do this. However, there are also strong advocates of both of the above choice. What follows is a more detailed discussion of the problem in the context of our broader interests in India and Pakistan.

II. POSSIBLE US APPROACHES TO SOUTH ASIA

A. South Asia in the global context. The argument is less over South Asia's present role and importance in the world than over how we should react now in view of its potential. There is little argument that:

1. In the short term our interests there seem less important than those in the Atlantic and Pacific areas -- particularly Western Europe and Japan. In the immediately foreseeable future, moreover, this area poses no threat to our security.

2. In the longer term, however, it is hard to believe that the 1.9 billion people of Asia -- though not a military threat now -- will not have a major impact on world stability and hence on our security. Exactly how is hard to say now. Some argue that abject poverty and near starvation among half the world's people could create a crisis that would dislocate production

patterns and economies worldwide. Others see a frustrated and violent reaction of the colored races against the white. Whatever the form, the spectre is real enough not to be ignored.

3. The political direction Asia takes cannot help but be affected by the 700 million in South Asia -- one fifth of the world's population -- along with the 400 million or more elsewhere in non-Communist East and Southeast Asia.

4. Whether that fifth of the world's population continues engaged in constructive political and economic growth or vents its frustration in installing ineffective radical governments hostile to us now looks like a very near thing. The outcome will depend in a large measure on:

   a. The ability of the governing groups to work out an equitable distribution of political power throughout their societies.

   b. The ability of governments first to develop and then to allocate effectively their nations' resources in such a way as to give their people a sense that progress is possible -- and that they can share in it.

5. Nevertheless, even though its future depends heavily on internal developments, South Asia is already a major arena in the contest among the world's two super-powers. It is one area now where the US and USSR meet on a more or less equal footing and where Communist China is also an active competitor.

6. So far the nations of South Asia remain successful counters to expansion of the Soviet or Chinese systems, but their fragility is beginning to show more than at any time since their independence under the stress of socio-economic and political change. All countries in the region are now run by non-Communist governments. But indigenous Communism is a potential threat to the

democratic experiment in India. And the Chinese Communists have shown signs of exploiting the discontent in East Pakistan which threatens to split Pakistan as well as of providing support to Indian insurgents.

B. Possible US postures toward South Asia. The argument over our approach to South Asia is over what we should do now in the face of South Asia's acknowledged if uncertain potential. It is easy to rule out the theoretical extremes: we cannot totally disengage because South Asia is too important; and a major effort to win South Asia to our side would seem unrealistic because even if we had the money to spend, we could not expect to change significantly the glacial movement of local forces that have a momentum of their own. That leaves two realistic choices:

1. A posture of moderately active engagement would stem from the view that it would have a serious impact on the world's future -- and our security -- if South Asia went the way of Communist China in the 1940s. It would urge that we use all the tools at our disposal to do whatever is in our limited power to prevent this, including most of the following:

   a. Above all, maximum economic development aid.

   b. Use by us, the World Bank, the IMF, and other foreign aid donors of aid to press or help the Indian government toward more effective development policies.

   c. Possible use of aid, particularly by the World Bank, as an inducement for settling one set of India-Pak issues revolving around distribution of the waters of the eastern rivers (much as the Indus basin settlement worked in the west).

   d. Use of economic aid as a vehicle for trying to persuade both India and Pakistan to bring defense spending within sensible limits.

e. Use of military aid as another handle on defense spending. Also as a way of maintaining a political relationship with the Indian and Pakistani military of limiting predominance of Soviet influence with the Indian military, of reducing Pakistani dependence on Communist arms (Chinese and Soviet) and of meeting limited defense needs.

2. A posture of detached engagement would stem from the view that the loss of the South Asian countries to either external or domestic Communists would scarcely weaken us and would not necessarily even have a decisive influence on how those countries evolve over the next few decades. It would hold to the conviction that we cannot seriously influence economic, social or political development in any Asian country -- but only support Asian efforts. In short, while we have a humanitarian obligation to help the poorer nations of Asia get on their feet, we should be relaxed about their political and economic evolution even though it might set back our hopes for stability and development. Military aid as a tool should be used only when it may help diminish the possibility of Communist aggression -- and not when it arms one Asian nation against another.

3. The two positions outlined above are not meant to represent self-contained and mutually exclusive positions. They are rather points near the opposite ends of a scale. But they do tend to characterize two different approaches -- one an active involvement in helping to spur Indian and Pakistani development and the other pretty much sitting back, being satisfied with a modest aid program and following their lead without undue concern over the results.

C. The special problem of India-Pak hostility. Whatever might be a rational approach to South Asia as a whole must be modified to take account of the bitter feud between India and Pakistan, our special interests in each of these countries and our possible ways of relating them:

1. India.

a. India is four times the size of Pakistan and proportionately has even greater potential as a modern nation. India has the population and the resource base to become, at some distant time, one of the leading powers in Asia, the Southern Hemisphere and perhaps even in the world. It has developed the substantial beginnings of heavy industry and has the capacity -- almost completely unforeseen only a few years ago -- to achieve foodgrain self-sufficiency in the near future. It has the capacity to produce nuclear weapons and the Indians have carefully left that option open.

b. Though India's international influence is less than in the days of Nehru, it is groping for a serious role in post-Vietnam Asia. It could play a significant role in Southeast Asia.

c. India's military capacity is such that India appears able to defend itself simultaneously against Pakistan and against any attack the Chinese would be capable of mounting either across the Himalayas or through Burma in the foreseeable future. The Indian Army -- about 1.1 million men -- has the equivalent of about 32 combat divisions deployed with roughly one third facing West Pakistan, one third facing China and one third in reserve for either front. It is the second largest army in the Free World.

2. Pakistan.

a. Our relationship with Pakistan has changed sharply over the past seven years. No longer are there the same political reasons for investing disproportionately in Pakistan that we felt at the height of its membership in CENTO and SEATO and our important intelligence relationship at Peshawar (which has just ended). Since the Indo-Chinese border war in October 1962, it has been India that has grown as the opponent to Communist

China and Pakistan that has drawn closer to Peiping.

b. Despite the overshadowing of its giant neighbors, however, Pakistan is still the world's fifth largest nation with a substantial capacity -- at the worst -- to disrupt stability and constructive evolution in the subcontinent and -- at best -- to continue impressive economic growth under a development program that relies heavily on an energetic private sector.

c. Pakistan's capacity for disruption has increased markedly in the past half-year. A chaotic political situation in West Pakistan, the highly plausible threat of East Pakistan's secession, the fall of the Ayub government and the reimposition of government by martial law have brought Pakistan to a grave period of transition. Many knowledgeable Pakistanis see the odds rising sharply that Pakistan will split in the next few years; if so, a radically nationalist government in East Pakistan with heavy Chinese Communist influence is a strong possibility. A separate East Pakistan would be a strong magnet drawing the Indian state of West Bengal and other parts of the eastern region twoards a secession which could be the first step in the dismemberment of the Indian union.

d. For the immediate future, the Pakistani military hold one of the important keys to that future. President Yahya thus far has kept the lid on but has not solved any of the fundamental problems that led to Ayub's downfall.

e. Pakistan's military capacity is such that, barring the diversion of Indian troops from the China front, Pakistan should be able to defend West Pakistan against the unlikely event of an Indian attack for several weeks, but not indefinitely. All but one of its 14 divisions are in West Pakistan; the other

is in East Pakistan to provide internal security. There is no active present threat from any source but India. India -- with its internal problems and satisfaction with the status quo vis-a-vis Pakistan -- seems unlikely to start a new war unless Pakistan should threaten India again.

3. Options in relating our stance toward the two:

a. We could focus on the subcontinent as a whole and seek to promote Indo-Pakistan reconciliation, but this is probably unrealistic. The will to reconciliation simply does not exist in either state, and our influence on issues of this kind is limited:

--There are limits to what aid can accomplish, though they are well above zero. Neither our military aid (with agreed restrictions against using US equipment against India) nor our substantial economic aid gave us enough leverage to prevent the 1965 India-Pak war (though it could be argued that withholding aid from Pakistan helped trigger it). However, economic aid did help settle the Indus Waters problem and could be an essential element in any settlement of the current Eastern Waters problem.

--Our past political efforts to bring the two together have failed and have only caused friction in our bilateral relations.

--It is virtually impossible to build a policy of equal treatment. We cannot please both and would be virtually paralyzed if we tried.

b. We could concentrate on India because of its greater potential, though there are limits to this approach too:

--Pakistan would be unwilling to accept India's primacy and could cause a good deal of trouble if we ignored it.

--We have invested a good deal in Pakistan's economic progress. Even though it is jeopardized by current political problems, it makes little sense to walk out on that potential success story.

c. We could approach India and Pakistan as countries where we have separate interests and stand clear of their problems with each other. This approach is hard to carry out in practice because -- regardless of our desire -- they will always partly measure their relationship with us in terms of how we treat the other. But it seems the only sensible approach. It is the one we have tried to follow in the past two years.

D. Conclusions:

1. Our interest in South Asia derives much less from any near-term effect it could have on our security than from the political direction it -- with the rest of non-Communist Asia -- will take over the next five to twenty-five years. Therefore, our main interest is in the political and economic evolution of South Asia and not in the development of its military strength.

2. Our posture toward South Asia will depend mainly on how active a contribution we want to try to make -- and have the resources to make -- to the political and economic evolution of the nations in the area.

3. Insofar as we must respond to security concerns they are the local concerns of India and Pakistan -- India's need to defend its Himalayan frontier against Chinese attack and to guard against attack from Pakistan and Pakistan's fear of India. These local concerns parallel ours only in the following ways:

a. While major Chinese attack on India does not seem imminent, we have an interest in India's ability to defend its borders against Asia's one big Communist power. We also have an interest in India's not appearing so weak as to tempt another Chinese attack.

b. Pakistani feeling that the military balance has turned in favor of India could be disruptive in that (1) Pakistan would turn to whichever of the three major powers (US, USSR, China) would support it against India regardless of the ideological orientation of that power, and (2) Pakistan might even try some sort of limited preemptive attack against India.

4. While this may be an overly crude and debatable judgment, analysis of our relative interests in India and Pakistan suggests that:

a. Our main concern lies with the political and economic evolution of India and its ability to defend its Himalayan frontier.

b. Our concern with Pakistan is that its political and economic evolution in the near term be constructive enough not to disrupt India's. An essential element of this is that it meet the needs of its own people, particularly in East Pakistan.

c. We cannot escape having India and Pakistan each measure our policy toward it in terms of our policy toward the other because the India-Pak relationship is so central a part of the outlook and policy of each. However, within the limits of realism, it makes a great deal of sense to try to treat each separately in accordance with our interest in each -- and to let them know that this is what we are doing.

III. THE ROLE OF MILITARY AID

A. Given the above general analysis of our interest in South Asia, military aid seems less important there in enhancing the security of the Free World -- except for India's defense against China -- than as a political tool in maintaining an actively close relationship with the major governments.

B. If we were to adopt a posture of "detached engagement," then military aid would have very little role to play, unless perhaps it were judged that Indian forces needed further strengthening against China.

C. If, however, we were to adopt a posture of moderately active engagement, then we would still have to answer the general question whether military aid could be a constructive tool.

1. Those who believe it can would argue that:

a. The South Asian military establishments -- especially that in Pakistan -- contribute to maintenance of strong national and non-Communist states. A US relationship with those establishments is an important US link with the future of those nations.

b. Pakistan's western-oriented military leaders are a force for short-term stability -- so long as this leadership is flexible enough to accommodate to the political, social and economic aspirations of the civilian populations in both wings of the country.

c. Military aid in the past enabled us to influence the size and composition of Pakistan's armed forces.

d. US aid permits Pakistan to reduce reliance on Communist China somewhat.

e. We were able to help end the 1965 war by cutting off military supply.

f. In India, our smaller program enabled us to reach an agreement on a ceiling for defense expenditures designed to protect our heavy economic aid investment.

g. Even restricted cash sales give us some influence because both countries really want arms. In Pakistan, the desire for US arms is acute because Pakistan is short on foreign exchange to buy weapons in Europe.

India is better off but still wants US equipment; some Indians are concerned about almost exclusive dependence on the USSR.

2. Those who argue that military aid is not worth the problems it creates point out that:

   a. Even $750 million in grant military aid (plus more in economic aid) to Pakistan could not cement Pakistan's tie to us when we failed to back it politically against India.

   b. Our influence from military sales is quite limited. At this stage, even a generous policy would be unlikely to cause Pakistan to liquidate its relationship with Communist China or India to abandon its relationship with the USSR. No amount of military sales will diminish India-Pak rivalry.

   c. Even the most influence we can buy with military sales is not essential to US security in global terms.

D. If one accepts the general proposition that military aid is a marginally useful political tool, then one still has to examine the restrictions on the use of that tool in this particular situation:

   1. The very confining past restrictions of the Foreign Assistance Act may be softened, though it is not at all clear yet that the softening process will continue in the Senate. Even if they are relaxed, strong Congressional sentiment remains against providing credit for the sale of equipment, and the Foreign Military Sales Act may still reflect this reluctance.

   2. A new restriction expressing Congressional opposition to providing military equipment to governments that came to power by extra-constitutional methods means that the Administration would have to disregard a sense of Congress provision in the law to send equipment to Pakistan.

3. We have programmed less than $10 million for India and Pakistan in requesting from the Congress funds for military sales in FY 1970.

E. What these restrictions might mean for our military supply policy to India and Pakistan is:

1. If the Senate refuses to dilute the old Conte-Long amendments, we could not sell jet aircraft or other sophisticated weapons without making an equal cut in economic aid. To avoid the aid cut requires a Presidential determination that the sale is "important" to US security. Such a determination would be difficult for India and even harder for Pakistan. We might make a case for a Chinese threat to India; but Pakistan's only plausible enemy is India. Yet a sale without a determination would penalize the recipient's development program -- our main concern.

2. If the House version of the bill stands, we could allow cash sales provided we could in good conscience judge that they did not unduly divert resources from economic development or contribute to an arms race.

3. At the very least, legal problems aside, we could expect some opposition on the Hill if we made any arms sales to the subcontinent though that opposition seems to be diminishing.

IV. OPTIONS ON MILITARY AID POLICY

A. Theoretically, we could return to modest grant aid, or, at the other extreme, clamp a total embargo even on the sale of non-lethal items and spares. But the real choice lies among the four possible courses which follow (these are argued in detail on pages 7-14 of the IG paper).

B. Option 1: Continue present policy.

1. Pro. The basis for US-Indian cooperation might be

strengthened or, at least would not be weakened. Pakistan -- while disappointed -- would still have a strong economic and political interest in a relationship with us. Pakistan might still buy US equipment from third countries if such deals could be worked out.

2. Con: Indian and Pakistani primary dependence on Communist sources of military supply would be perpetuated though some limits would remain on what Communist China and the USSR could supply Pakistan.

3. Conclusion: We would take a definite but not decisive loss in Pakistan. Our gains in India would be modest and intangible. Moscow and Peiping would be left in competition. Moscow would be stuck trying to arm both sides without undercutting its influence in one or the other.

C. Option 2: Adopt a more restrictive policy by eliminating the third country route.

1. Pro: This policy has not worked and has been roundly criticized as a transparent evasion of our own policy. It has now reached the ridiculous point where we are giving the Turks a $2.6 million sweetener to persuade them to sell 100 old tanks to Pakistan so we will not have to do it.

2. Con: This would damage our relationship with Pakistan unnecessarily. Even though the third country route has not been helpful, the Pakistanis at least regard it as a door we have left open. Besides, the Turkish sale of tanks may still go through.

3. Conclusion: While this might make our policy a little more straightforward, it would seem to make more sense to leave the policy on the books, ineffectual as it is, than to offend Pakistan unnecessarily by removing it.

D. Option 3: Make some modifications or exceptions to present policy to permit some selective sales to Pakistan.

There are several possibilities: a one-time exception to sell Pakistan five F-104s and four B-57s to replace non-combat

losses; sale of 100 M-47 tanks if the Turkish sale does not go through; modification to permit continuing sale of replacements for US-supplied lethal equipment with equipment of the same or comparable generation. These could be put together in any combination.

1. Pro: This would help Pakistan keep its US-equipped units going instead of scrapping and buying completely new equipment. It would also help cushion the negative impact of a decision which in essence maintains the framework of existing policy. While the Indians would object, we could tell them that our basic policy will not change.

2. Con: This would benefit the Pakistanis only marginally in military terms and -- no matter what we said about not changing basic policy -- would anger the Indians. It would not greatly lessen dependence on Communist sources.

3. Conclusion: The Indian reaction might be controlled if we could persuade the Indians that this would not substantially affect Pakistan's military capability. It would provide a political gesture toward Pakistan -- and our interests are mainly political, not military. It would leave Pakistan looking to Communist and costly Western European sources, but there are at the moment limits on how much Communist China can actually provide.

E. Option 4: Liberalize present policy to permit limited cash sales.

We might, for instance, consider the direct sale of some lethal end-items on a case by case basis under such conditions as: not a sophisticated weapons system; not requiring excessive diversion of resources from economic development; replacement, allowing for reasonable modernization.

1. Pro: This would have a positive political impact in Pakistan. It would offer both countries a means of reducing their military supply relationships with the USSR.

2. Con: India would regard this as a fundamental policy change by the Administration for the purpose of strengthening Pakistan. It might decrease Pakistani dependence on Communist sources but could strengthen Indian sense of political reliance on the USSR.

3. Conclusion: If the US wanted to get back into serious military aid in the subcontinent, it would have to devise some such conditions. The key question, however, is whether going back into full-scale military aid would sufficiently further US interests to outweigh the disadvantages.

V. CONCLUSIONS

A. In an ideal world, we might reasonably decide to help India and Pakistan to meet their legitimate defense requirements and play for whatever added margin of influence that might give us.

B. However, since we can argue only a marginal interest in the military strength of either country and a major interest in economic development, US interests would seem to dictate resuming even selective military shipments only if it could be done at minimal cost.

C. The cost of resuming a continuing program of shipments (Option 4) even selectively would be to place increased tension on the US-Indian relationship, which is the primary US concern in the subcontinent, while gaining only a marginal advantage in Pakistan, which would maintain a strong interest in preserving its political relationship with Communist China.

D. The choice, therefore, seems to lie between Options 1 (continue present policy) and 3 (one-time exceptions for Pakistan).